



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
LEGAL SERVICES

500 JAMES ROBERTSON PARKWAY
VOLUNTEER PLAZA BUILDING, FIFTH FLOOR
NASHVILLE, TENNESSEE 37243

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

BULLETIN

TO: All Insurance Agents
FROM: Elaine A. McReynolds *EAM*
Commissioner
RE: Sale of illegal insurance
DATE: May 7, 1992

The purpose of this bulletin is to inform all insurance agents of the position of the Department on the writing of illegal insurance by Tennessee agents. We have received information that many agents may be selling unauthorized health coverage to residents of Tennessee. Multiple employer welfare arrangements (MEWA's) are not authorized to operate in this state unless fully insured by an insurance company licensed in this state. Furthermore there are other entities which call themselves Taft-Hartley Plans or otherwise ERISA exempt plans which are actually thinly-disguised MEWA's and consequently subject to the same requirement that they be fully-insured.

All entities offering any type of health coverage to residents of this state are presumed to be under the jurisdiction of this Department pursuant to Tennessee Code Annotated Section 56-7-1010. All entities not specifically authorized or not specifically exempted from the jurisdiction of this Department are in violation of Tennessee insurance law and are illegal insurers in this state.

Any agent who markets such illegal insurance is by law personally liable for any and all claims incurred pursuant to contract and he or she is subject to Department sanctions against his or her agent license, which may include revocation and civil penalties up to \$1000 for each violation.

EAM:JL